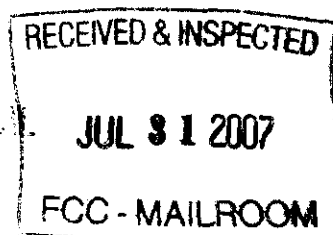


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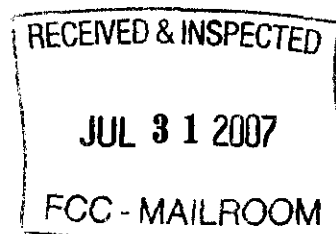
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July 30, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554
VIA FACSIMILE: 202-418-0187
FOUR PAGES TOTAL



RE: CC Docket No. 02-6 – REQUEST FOR REVIEW

This letter appeals the decision of the Schools and Libraries Division (SLD) of the Universal Service Company (USAC) to deny funding for Clayton School District (BEN 140113).

The 471 application number for this appeal is 497391; the specific Funding Request Number (FRN) that we are appealing the denial of funding is 1369608. Funding for this FRN was denied because “of the cash discount provisions in your contract.”

After reviewing the contract associated with this FRN, we believe that the SLD misinterpreted the contract to assume that cash was actually being given to the applicant. In fact, this is not the case and the “discounts” offered within the contract actually saved the applicant and the SLD money.

There are no actual cash payment provisions in the contract. What the contract offers is a “rebate” of 3 months of the customer’s monthly minimum commitment. In this case, the three monthly minimum rebates would be credited to the district’s account with the service provider, thus saving both the school and USAC from having to pay any portion of the monthly minimum cost of service for the first three months (USAC would be relieved of the obligation of paying 41% of this monthly cost). We believe that a simple mistake was made by the PIA representative, or by one of his/her managers. We believe that the reviewer assumed that actual cash was going to be given to the district, without any benefit being passed along to the SLD. This is not the case.

Additionally, USAC is confused as to why one vendor was listed on the original 471 application, while we are requesting discounts from another company. This was explained, in detail, during the selective review process. The applicant signed contracts with a new service provider, Inter-Tel Net Solutions. This contract did not have a set monthly price; the contract was for long distance service (and related leased circuit service) with only a per-minute price and a monthly minimum commitment. Because the price of the service will vary from month-to-month, depending on usage, the Applicant, as a good faith estimate, used a bill from the previous service provider. The proper contract award date (1/24/2006 – which matches up exactly with the contract submitted during the Selective Review and as an attachment to this appeal) was listed on the original 471 form, and although the incorrect SPIN was listed, the applicant did inform USAC that a different SPIN should be used (please see point #4 from the email to Jessica Olsen, SLD Selective Reviewer, dated 6/20/2006).

After filing an appeal with the SLD, the SLD denied the appeal because the “rebate” violates program rules. Again, with the waiver of three months of the monthly minimum commitment,

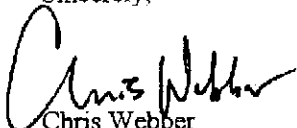
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BOTH the district and USAC would have enjoyed the benefit of not having to pay their share of the cost of service for the first three months. In the end, had the district chose a different vendor, both the district and USAC would have had to paid more money for the services requested. This was a good deal for both the district and USAC.

We ask that the FCC reverse USAC's previous decision to deny funding for FRN 1369608 and fully fund this request.

If you have any questions about this appeal, please use the contact information below.

Sincerely,



Chris Webber
CRW Consulting, LLC
PO Box 701713
Tulsa, OK 74170
(p) 918.445.0048
(f) 918.445.0049
chris@crwconsulting.com

Chris Webber

From: Chris Webber [chris@crwconsulting.com]
Sent: Tuesday, June 20, 2006 1:52 PM
To: Jessica Olsen
Subject: Clayton Selective Review Follow Up Questions

Jessica:

In response to your questions:

1. Retrofitting - the district has not had to spend any money to retrofit any of their buildings in order to receive the services for which we are requesting discounts. No retrofitting was necessary for local, cell or long distance phone service (FRNs 1369605 - 1369608), nor have they had to retrofit for their voice circuit (1369609).
2. Budget: Please see the attached page. This page was previously sent to you, but only had the asterisk next to the expense category. I have circled them as well on the attachment
3. Technology Plan: The technology plan was available on 8/8/2005. Ron Carr, the technology director at the district (now retired) wrote the plan and did not have any outside assistance. The plan was approved by the Missouri Department of Elementary and Secondary Education.
4. Vendor Selection/Contracts: The contract for FRN 1369608 was awarded to InterTel. We used the McLeod USA bill (our current long distance bill) as a reasonable basis to estimate our monthly costs for long distance (which InterTel will begin providing on 7-1-2006). We used our current bills for long distance as a basis because the contract from InterTel does not have a set monthly amount - the amount per month will vary depending on the total number of minutes for long distance used. The SPIN for this FRN should be 143008103, not 143000074. The \$5,544/month amount that you had asked about is the "savings" that the customer got by signing that particular contract with InterTel, NOT the total cost of the contract.

If you need anything else, please let me know.

Thank you,

Chris Webber
CRW Consulting, LLC
918.445.0048

6/20/2006

Jan 26 06 11:29a Jon Brinton
JAN-26-2006 10:56 AM INTER-TEL

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P. 03



Q1 2006 INSTANT REBATE OFFER:
FIRST 2 MONTHS MMC FREE

New Customer Promotion

3 months Free of MMC

FRN 1369608

(CHANGE TO INTER-TEL)

Account #:

Date: 01/24/06

Business Name: Clayton School District

Address: #2 Mark Twain Circle

City: Clayton

State: MO

ZIP: 63105

Main Tel: 314-854-6000

Principal Contact:

Fax Tel:

E-mail Address:

Purchase qualifying NetSolutions services on a 3 year term of service and receive an instant rebate on your account of 2 months of your monthly minimum commitment (MMC).

This Rebate Form amends and extends the NetSolutions service agreement to the above selected 36 month term of service. Offer valid for new Inter-Tel NetSolutions customers who qualify under all of the following criteria:

1. Secure qualifying Inter-Tel NetSolutions Communications Services between January 6 and March 31, 2006 and install qualifying services no later than July 31, 2006.
2. Select an Inter-Tel NetSolutions Long Distance service agreement with a minimum monthly commitment of \$250.00 or more. Local Services, Private Line, Frame Relay, MPLS and Internet Services customers will receive the rebate based on their fixed monthly charges or monthly recurring commitment. In the case where multiple services are purchased the total value of the MMC credit will not exceed the combined fixed monthly commitment times two months.
3. Complete and sign this form and submit it to NetSolutions Order Administration with your NetSolutions Services Agreement.
4. Upon final acceptance and order processing, NetSolutions will post an up front credit to the customer account equivalent to two months of monthly minimum commitment. The customer's 36 month term of service will be considered effective after the full amount of the credit has been depleted and ongoing charges are incurred, or 36 months after the last date of initial installation of all services associated with this agreement, whichever is later.

Monthly Minimum Commitment: ~~\$18.46~~ \$1,848 Total Rebate Value: \$3,544

Customer acknowledges, understands and agrees to the terms and conditions of the NetSolutions service agreement. This agreement is only valid when countersigned below by an authorized Inter-Tel NetSolutions manager. Any submissions that do not comply with the requirements of this promotional offer as stated above will be null and void. In the case of early termination of services prior to the completion of the contracted term of service for any reason the 2 month instant rebate credit will be billed and payable on the customer account.

Customer Signature:

Print Name: Paul A Fedchak

Title: CFO

Date: 1/24/06

Federal ID # or Social Security #:

Branch/Agent:

Branch/Agent Sales Rep:

Susan McLaughlin

Authorized NetSolutions Manager Signature:

Account Representative: Please submit 1 copy of this form to order administration with the Customer's service order, and leave 1 copy with the customer for their records.